AMENDED IN SENATE FEBRUARY 5, 2001

CALIFORNIA LEGISLATURE—2001–02 FIRST EXTRAORDINARY SESSION

SENATE BILL No. 5

Introduced by Senators Sher, *Bowen,* and Burton
(Principal coauthor: Senator Chesbro)
(Coauthors: Senators Alarcon, Figueroa, Karnette, Murray, Polanco, Scott, Soto, and Torlakson)
(Coauthors: Assembly Members Aroner, Keeley, Pavley, Strom-Martin, and Thomson)

January 17, 2001

An act *to add and repeal Chapter 3.5 (commencing with Section 4240) of Division 5 of Title 1 of the Government Code,* relating to public utilities, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 5, as amended, Sher. Public ~~utilities~~ *energy projects.*

~~Existing~~

(1) Existing law authorizes state and local agencies to develop energy conservation, cogeneration, and alternate energy supply sources at the facilities of public agencies through contracts and leases in accordance with specified criteria.

This bill, until January 1, 2004, would authorize these public agencies to establish projects, in whole or in part, for the purchase or installation, or both, of alternate energy equipment, cogeneration equipment, conservation measures, or environmentally preferable distributed energy generation equipment or facilities located on property owned or leased by the public agencies subject to certain

criteria, and to enter into contracts for these purposes subject to certain criteria. The bill would authorize the Director of General Services to exempt state energy projects from the advertising and competitive bidding requirements set forth in state law, if the director deems it necessary to implement these provisions. The bill would exempt state energy projects from a specified capital outlay process at the discretion of the Department of Finance.

(2) Existing law provides for the establishment and implementation of various energy efficiency programs administered by the State Energy Resources Conservation and Development Commission and the Public Utilities Commission.

This bill would*, until January 1, 2005,* appropriate ~~$934,010,000~~ *$1,269,700,000* from the General Fund to implement energy efficiency programs and supplement existing energy efficiency programs. Of that amount, ~~$248,010,000~~ *$478,800,000* would be allocated to the State Energy Resources Conservation and Development Commission ~~and $686,000,000~~ *$519,400,000* would be allocated to the Public Utilities Commission*, $10,000,000 would be allocated to the Department of Consumer Affairs, $100,000,000 would be allocated to the Department of General Services, $41,500,000 would be allocated to the Department of Corrections, and $120,000,000 would be allocated to the Department of Community Services and Development* to fund various energy efficiency programs, as scheduled*, and subject to reallocation and conditions. Under the bill any funds that are unencumbered or unexpended by January 1, 2005, would revert to the General Fund on that date*.

~~The bill~~

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $^{2}/_{3}$. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares as follows:

(a) California is currently experiencing an energy crisis which threatens to adversely affect the economic and environmental well-being of the state.

(b) One of the most cost-effective, efficient, and environmentally beneficial methods of meeting the state's energy needs is to encourage the efficient use of energy.

(c) The purpose of the act adding this section is to ensure the immediate implementation of energy efficiency programs in order to reduce consumption of energy and to assist in reducing the costs associated with energy demand.

~~SEC. 2. The sum of nine hundred thirty four million ten thousand dollars ($934,010,000) is hereby appropriated from the General Fund to the Controller for allocation according to the following schedule:~~

~~(a) Two hundred forty eight million ten thousand dollars ($248,010,000) to the State Energy Resources Conservation and Development Commission, to be allocated for the following purposes:~~

~~(1) Twenty million dollars ($20,000,000) to implement the programs established pursuant to Section 25555 of the Public Resources Code in order to achieve a minimum of an additional 57 megawatts reduction in peak electricity demand.~~

~~(2) Forty million dollars ($40,000,000) to implement a distributed generation incentives program to achieve a 75 megawatt reduction in peak electricity demand.~~

~~(3) Ten million dollars ($10,000,000) to implement a demand reduction program for small commercial sector electricity customers to achieve a forty megawatt reduction in peak electricity demand. For the purposes of this paragraph, ''small commercial sector electricity customer'' means a commercial electric utility customer that uses less than 20 kilowatts.~~

~~(4) Ten million dollars ($10,000,000) to implement an agriculture and irrigation district demand reduction program to achieve a 50 megawatt reduction in peak electricity demand through actions such as the replacement of inefficient irrigation pumps and the shifting of electricity consumption activities to off-peak hours.~~

~~(5) Thirteen million dollars ($13,000,000) to achieve a 60 megawatt reduction in peak electricity demand through the implementation of programs to improve demand responsiveness in heating, ventilation, air conditioning, and lighting, and through advanced metering of energy usage. Funds appropriated pursuant~~

~~to this paragraph may be used to implement paragraphs (1) and (2) of subdivision (a) of Section 25555 of the Public Resources Code.~~

~~(6) Fifty million dollars ($50,000,000) to achieve a 150 megawatt reduction in peak electricity demand through the implementation of a low-energy usage building materials program in schools, colleges and universities, and other nonresidential buildings.~~

~~(7) Ten million dollars ($10,000,000) to achieve an additional 10 megawatts reduction in peak electricity demand through additional implementation of subparagraph (E) of paragraph (2) of subdivision (a) of Section 25555 of the Public Resources Code.~~

~~(8) Fifty million dollars ($50,000,000) to achieve a 120 megawatt reduction in peak electricity demand through the implementation of an incentive program for water and waste water peak usage reduction.~~

~~(9) Three million dollars ($3,000,000) to achieve a 15 megawatt reduction in peak electricity demand through the implementation of a load management program in state buildings and facilities.~~

~~(10) Forty million dollars ($40,000,000) to achieve a 100 megawatt reduction in peak electricity demand through innovative programs and proposals ineligible for funding pursuant to Section 25555 of the Public Resources Code.~~

~~(11) One million four hundred thousand dollars ($1,400,000) to fund 16 personnel years in the State Energy Resources Conservation and Development Commission to implement subdivision (a) of this section.~~

~~(12) Six hundred and ten thousand dollars ($610,000) for four personnel years to improve the ability of the State Energy Resources Conservation and Development Commission to provide timely and accurate assessments of electricity and natural gas markets.~~

~~(b) Six hundred eighty six million dollars ($686,000,000) to the Public Utilities Commission to be allocated for the following purposes:~~

~~(1) Sixty million dollars ($60,000,000) to increase and extend CARE discounts to low-income persons not currently eligible for the CARE program.~~

~~(2) Sixty million dollars ($60,000,000) to augment funding for low-income weatherization programs to assist in reducing energy costs to low-income persons.~~

~~(3) Fifty million dollars ($50,000,000) to achieve a 125 megawatt reduction in peak electricity demand through a program which encourages the purchase of high-efficiency air conditioning equipment in residential homes.~~

~~(4) Twenty five million dollars ($25,000,000) to achieve a 60 megawatt reduction in peak electricity demand through incentives to stock and purchase high efficiency appliances.~~

~~(5) Ten million dollars ($10,000,000) to achieve a 30 megawatt reduction in peak electricity demand through incentives to better size water and waste water pumps.~~

~~(6) Eight million dollars ($8,000,000) to achieve a 40 megawatt reduction in peak electricity demand through the provision of incentives to residential homeowners to install whole-house fans.~~

~~(7) Fifteen million dollars ($15,000,000) to achieve a 20 megawatt reduction in peak electricity demand through a program to provide education to commercial building managers on measures to reduce load during periods of peak demand.~~

~~(8) Ten million dollars ($10,000,000) to achieve a five megawatt reduction in peak electricity demand through thermal energy storage in the business and commercial sector.~~

~~(9) Twenty million dollars ($20,000,000) to achieve a peak demand reduction of 20 megawatts through high-efficiency pumping projects with large motor and pump loads.~~

~~(10) Twenty eight million dollars ($28,000,000) to achieve a 40 megawatt peak electricity demand reduction through the installation of connected thermostats for heating, ventilation, and air conditioning control in the commercial sector.~~

~~(11) Forty million dollars ($40,000,000) to achieve an 11 megawatt peak electricity demand reduction through the provision of incentives to residential and small business customers for small renewable systems incentives by financing up to 45 percent of the installed cost of primarily solar small distributed generation systems.~~

~~(12) Sixty million dollars ($60,000,000) to achieve a 16.8 megawatt peak electricity demand reduction through the provision of incentives for new and emerging distributed generation~~

~~technologies such as microturbines and fuel cells, as well as higher incentives for renewable and clean technologies (PVs, wind) and incentives for cogeneration, by paying up to a maximum of 50 percent of installed cost of renewable systems or 30 percent of nonrenewable systems.~~

~~(13) Eighty million dollars ($80,000,000) to achieve a 11.2 megawatt peak electricity demand reduction through acceleration of self-generation for state and municipal buildings through expansion of existing programs to add capacity by installing environmentally friendly self generation systems for state and municipal buildings.~~

~~(14) Twenty five million dollars ($25,000,000) to achieve a 83.3 megawatt peak electricity demand reduction through the provision of incentives to builders to sell high performance homes that exceed building efficiency standards by at least 30 percent.~~

~~(15) Thirty million dollars ($30,000,000) to achieve a 100 megawatt peak electricity demand reduction through augmentation of existing CEC initiatives to include installation of demand responsive technologies, as well as energy efficient retrofits or municipal buildings.~~

~~(16) Fifteen million dollars ($15,000,000) to achieve a 37.5 megawatt peak electricity demand reduction through encouraging the manufacture of more efficient mobile housing stock.~~

~~(17) Thirty million ($30,000,000) to achieve a 100 megawatt peak electricity demand reduction through offering energy efficient design assistance at the point of permitting for construction and remodeling.~~

~~(18) Sixty million dollars ($60,000,000) to achieve a six megawatt peak electricity demand reduction through augmentation of weatherization programs for low-income utility customers.~~

~~(19) Sixty million ($60,000,000) to extend the CARE discount to consumers whose income is below 200 percent of the federal poverty line and to increase the discount from 15 percent to 25 percent of the utility bill.~~

~~(c) This section~~

SEC. 2. Chapter 3.5 (commencing with Section 4240) is added to Division 5 of Title 1 of the Government Code, to read:

CHAPTER 3.5. PUBLIC ENERGY PROJECTS

4240. The Legislature finds and declares that there is an energy crisis in the State of California. To assist in energy conservation and efficiency, energy generation, and peak demand reduction capacity, it is the intent of the Legislature to expedite the acquisition of materials, goods, and services necessary to produce solutions to the current energy shortages facing the state, thereby preventing or mitigating an emergency situation. The Legislature further declares that the energy crisis threatens to disrupt the economy of our state, impair the delivery of critical public services, and endanger persons and property. It is the intent of the Legislature to permit public agencies to develop energy conservation, efficiency, cogeneration, and alternate energy supply sources on public property in accordance with this chapter in the most expedient manner possible.

4241. To implement the intent set forth in Section 4240, a public agency may use the methods set forth in this chapter to establish energy projects.

4242. As used in this chapter and Section 3 of the act adding this chapter, the following terms have the following meanings:

(a) "Alternate energy equipment" means equipment for the production or conversion of energy from alternate sources as its primary fuel source, solar, biomass, wind, geothermal, hydroelectricity under 30 megawatts, remote natural gas of less than one billion cubic feet estimated reserves per mile from an existing gas gathering line, natural gas containing 850 or fewer British Thermal Units per standard cubic foot, or any other source of energy, the efficient use of which will reduce the use of fossil or nuclear fuels.

(b) "Cogeneration equipment" means equipment for cogeneration, as defined in Section 218.5 of the Public Utilities Code.

(c) "Conservation measures" means equipment, maintenance, load management techniques and equipment, or other measures to reduce energy use or make for a more efficient use of energy.

(d) "Conservation services" means the electrical, thermal, or other energy savings resulting from conservation measures, which shall be treated as a supply source of that energy.

(e) "Energy generation equipment" means equipment used to produce electrical or thermal energy for use on the public property in which it is located or for distribution or sale.

(f) "Energy project" means a project, in whole or in part, for the purchase or installation, or both, of alternate energy equipment, cogeneration equipment, conservation measures, or environmentally preferable distributed energy generation equipment or facilities located on property owned or leased by public agencies.

(g) "Environmentally preferable distributed energy generation" means generation complying with environmental performance standards adopted pursuant to Sections 41514.9 and 41514.10 of the Health and Safety Code.

(h) "Person" means, but is not limited to, any individual, company, corporation, partnership, limited liability company, public agency, association, proprietorship, trust, joint venture, or other entity or group of entities.

(i) "Public agency" means the state, a county, city and county, city, district, community college district, school district, joint powers authority or other entity designated or established by a political subdivision relating to energy projects, and any other political subdivision or public corporation in the state.

(j) "Public property" includes any land, structure, building, facility, or work that a public agency owns or leases, and any easements or rights-of-way appurtenant thereto, or necessary for its full use.

4243. In order to identify, acquire, design, implement, or construct, or any combination of these, an energy project, a public agency may enter into any contract, lease, or any other agreement necessary to implement the project. These projects are deemed to be necessary to prevent or mitigate an emergency within the meaning of Section 21080 of the Public Resources Code. Notwithstanding any other provision of law, the person performing these services may be selected without advertising and competitive bidding and may use the method of selection provided in this chapter.

4244. State energy projects may be implemented under this chapter with the approval of the Director of General Services and the Director of Finance and may be funded through any authorized appropriation or other funding source.

4245. Prior to awarding or entering into a contract, agreement, or lease, the public agency shall request proposals from qualified persons. After evaluating the proposals, the public agency shall award contracts based on qualifications, including the consideration of such factors as the experience of the contractor, the type of technology to be employed by the contractor on the energy project, the cost to the agency, and any other relevant considerations. Public agencies may also award contracts to persons selected from the pool of qualified energy service companies established pursuant to Section 388 of the Public Utilities Code, when it is determined they are qualified to perform the work on a particular project. For purposes of this chapter, energy projects shall be exempt from Chapter 10 (commencing with Section 4525).

4246. Notwithstanding Section 4245, the Director of General Services may exempt a state energy project from the advertising and competitive bidding requirements of this code and the Public Contract Code, if the director deems it necessary to implement the purpose of this chapter.

4247. At the discretion of the Department of Finance, state energy projects may be exempted from the capital outlay process, including, but not limited to, as provided in Section 13332.11.

4248. This chapter does not limit the authority of any public agency to construct energy conservation projects or to enter into other leases or contracts relating to the financing, design, construction, operation, maintenance, or use of alternate energy type facilities in any manner authorized under existing law. This chapter shall not be construed to abrogate Section 14671.6.

4249. Procedures established by the Department of General Services for state energy projects to implement this chapter shall be exempt from the rulemaking provisions of the Administrative Procedures Act, (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2).

4250. This chapter shall become inoperative on June 30, 2003, and, as of January 1, 2004, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2004, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 3. In order to achieve a total reduction in peak electricity demand of not less than 2,585 megawatts, the sum of one billion

two hundred sixty-nine million seven hundred thousand dollars ($1,269,700,000) is hereby appropriated from the General Fund to the Controller for allocation according to the following schedule:

(a) In order to achieve a reduction in peak electricity demand of 315 megawatts and meet urgent needs of low-income households, five hundred nineteen million four hundred thousand dollars ($519,400,000) for allocation by the Public Utilities Commission for investor-owned electric and natural gas utilities subject to commission jurisdiction, to be expended in the following amounts for purposes including, but not limited to, the following, based on guidelines adopted by the Public Utilities Commission allowing reasonable flexibility to shift funds among program categories to secure cost-effective energy and peak savings:

(1) Sixty-six million dollars ($66,000,000) to encourage the purchase of high-efficiency heating, ventilating, and air-conditioning (HVAC) equipment and appliances.

(2) Five million eight hundred thousand dollars ($5,800,000) to encourage the purchase of whole-house and indoor fans.

(3) One hundred million dollars ($100,000,000) to increase and expand CARE discounts to low-income persons not currently enrolled in that program.

(4) Twenty million dollars ($20,000,000) to augment funding for low-income weatherization programs to assist in reducing energy costs for low-income persons, in cooperation with community-based organizations.

(5) Twenty-eight million dollars ($28,000,000) to provide incentives for construction of high-efficiency residences.

(6) Twenty million dollars ($20,000,000) for high-efficiency pump and motor retrofit for oil or gas, or both, producers and pipelines.

(7) Twenty-nine million two hundred thousand dollars ($29,200,000) to encourage the purchase of small, renewable electricity generation systems and water delivery systems.

(8) Fifty-eight million four hundred thousand dollars ($58,400,000) to encourage installation of environmentally preferable distributed energy generation systems for state and municipal buildings.

(9) One hundred million dollars ($100,000,000) to provide incentives to encourage replacement of low-efficiency lighting

with high-efficiency lighting in commercial and residential buildings.

(10) Fifteen million dollars ($15,000,000) to encourage installation of demand-responsive and energy-efficient technologies in municipal buildings.

(11) Thirty-two million dollars ($32,000,000) to provide incentives for construction of high-efficiency nonresidential buildings.

(12) Forty-five million dollars ($45,000,000) to implement a program to implement innovative load reduction measures.

(b) In order to achieve a reduction in peak electricity demand of 1,000 megawatts, four hundred seventy-eight million eight hundred thousand dollars ($478,800,000) to the State Energy Resources Conservation and Development Commission (hereafter the Energy Commission), to be expended in the following amounts for the following purposes:

(1) Sixty-eight million three hundred thousand dollars ($68,300,000) for allocation by the Energy Commission to locally owned public utilities in the following amounts for the following purposes:

(A) Twenty million two hundred thousand dollars ($20,200,000) to encourage the purchase of high-efficiency air-conditioning equipment and appliances.

(B) Two million two hundred thousand dollars ($2,200,000) to encourage the purchase of whole-house and indoor fans.

(C) Six million seven hundred thousand dollars ($6,700,000) to provide incentives for construction of high-efficiency residences.

(D) Ten million eight hundred thousand dollars ($10,800,000) to encourage the purchase of small, renewable electricity generation systems.

(E) Twenty-one million six hundred thousand dollars ($21,600,000) to encourage installation of environmentally preferable distributed energy generation systems for state and municipal buildings.

(F) Six million eight hundred thousand dollars ($6,800,000) to provide incentives to encourage replacement of low-efficiency lighting with high-efficiency lighting in commercial buildings.

(2) Seventy million dollars ($70,000,000) to implement programs to improve demand-responsiveness in heating,

ventilation, air-conditioning, lighting, advanced metering of energy usage, and other systems in buildings.

(3) Fifty million dollars ($50,000,000) to implement a low-energy usage building materials program, and other measures to lower urban air-conditioning usage in schools, colleges, universities, hospitals, and other nonresidential buildings.

(4) Fifteen million dollars ($15,000,000) to implement a program for innovative peak demand reduction measures in the service areas of public utilities.

(5) Fifty million dollars ($50,000,000) to implement a program to reduce peak load electricity usage for the agricultural sector.

(6) Fourteen million five hundred thousand dollars ($14,500,000) to provide incentives for installation of light-emitting diode (LED) traffic signals.

(7) Sixty-four millions dollars ($64,000,000) to provide incentives for water and waste water treatment systems to reduce peak usage.

(8) Fifteen million dollars ($15,000,000) to encourage installation of demand-responsive and energy-efficient technologies in municipal buildings.

(9) One hundred million dollars ($100,000,000) to provide incentives for purchase of large renewable and environmentally preferable distributed generation systems.

(10) Three million dollars ($3,000,000) to assist local governments in expediting the permitting of electricity generation facilities.

(11) Seven million dollars ($7,000,000) to implement a program to teach school children about energy efficiency in the home and at school.

(12) Twenty million dollars ($20,000,000) to provide incentives for retrofit of generation units at municipal water districts to improve environmental performance.

(13) One million four hundred thousand dollars ($1,400,000) to fund 16 personnel years in the Energy Commission to implement subdivision (a) of this section.

(14) Six hundred thousand dollars ($600,000) for four personnel years to improve the ability of the Energy Commission to provide timely and accurate assessments of electricity and natural gas markets.

(c) In order to achieve a reduction in peak electricity demand of 1,000 megawatts, ten million dollars ($10,000,000) to the Department of Consumer Affairs to implement a public awareness to reduce peak electricity usage.

(d) In order to achieve a reduction in peak electricity demand of 150 megawatts, one hundred million dollars ($100,000,000) to the Department of General Services, to be expended in the following amounts for the following purposes:

(1) Fifty million dollars ($50,000,000) for programs to install environmentally preferable distributed generation systems at state buildings.

(2) Fifty million dollars ($50,000,000) for programs to encourage implementation of energy efficient programs in state buildings.

(e) In order to achieve a reduction in peak electricity demand of 120 megawatts, forty-one million five hundred thousand dollars ($41,500,000) to the Department of Corrections, to be expended in the following amounts for the following purposes:

(1) Seventeen million five hundred thousand dollars ($17,500,000) to install environmentally preferable distributed generation systems at departmental facilities.

(2) Twenty-four million dollars ($24,000,000) to install systems to retrofit generation units to improve environmental performance of existing electric generating units.

(f) One hundred twenty million dollars ($120,000,000) to the Department of Community Services and Development, to be expended in the following amounts for the following purposes:

(1) Sixty million dollars ($60,000,000) to provide a cash assistance program for low-income persons.

(2) Sixty million dollars ($60,000,000) to provide a low-income energy weatherization program to assist in expanding energy conservation efforts, thereby reducing energy costs to low-income persons.

SEC. 4. (a) The Public Utilities Commission may modify the amounts listed in subdivision (a) of Section 3 of the act adding this section to reallocate funds among the programs included under that subdivision, and may modify its megawatt savings goals for each program, as it determines necessary to maximize electricity system peak demand reduction.

(b) (1) The State Energy Resources Conservation and Development Commission (hereafter the Energy Commission) may modify the amounts listed in subdivision (b) of Section 3 of the act adding this section to reallocate funds among the programs included under that subdivision, and may modify its megawatt savings goals for each program, as it determines necessary to maximize electricity system peak demand reduction.

(2) The Energy Commission, in consultation with the Public Utilities Commission, shall establish guidelines for the administration of subdivision (b) of Section 3 of the act adding this section. The guidelines shall include, but shall not be limited to, provisions that enable the Energy Commission to comply with paragraph (1). Notwithstanding any other provision of law, the guidelines adopted under this subdivision are not regulations subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(c) In order to ensure that the Energy Commission is able to award grants to implement the programs included under subdivision (b) of Section 3 of the act adding this section, in the most expeditious manner and at the least cost to the state, all of the following shall apply to the awarding of those grants:

(1) Grant awards may be made directly to grantees to implement a project.

(2) Grant awards may be made to a grantee that proposes to implement its program with a group of related or similar projects.

(3) Any action taken by an applicant to apply for, or to become or remain eligible to receive, a grant award, including, but not limited to, satisfying conditions specified by the Energy Commission, does not constitute the rendering of goods, services, or a direct benefit to the Energy Commission.

(4) Grants may fund allowed administrative expenses pursuant to guidelines adopted by the Energy Commission under paragraph (2) of subdivision (b).

(d) In order to ensure that the Energy Commission is able to award contracts to implement the programs included under subdivision (b) of Section 3 of the act adding this section, in the most expeditious manner and at the least cost to the state, all of the following shall apply to the awarding of those contracts:

(1) The Energy Commission may solicit applications for contracts using a competitive bid or sole source method.

(2) The Energy Commission may award sole source contracts if the cost to the state is reasonable and the Energy Commission determines that it is in the state's best interest.

(3) The Energy Commission may award sole source contracts by choosing from among one or more parties capable of supplying or providing goods or services that meet a specified need of the Energy Commission in carrying out the responsibilities imposed under this section.

(4) The Energy Commission may solicit multiple applications for a sole source contract in order to evaluate the expertise of applicants and select contracts that will best meet the needs of the program.

(5) The Energy Commission may contract for technical or administrative services support.

(6) The Energy Commission may enter into contracts to develop or administer, or both, a portion of the program. The Energy Commission may delegate to a contractor its authority to implement a portion of the program, including, without limitation, conducting a solicitation using reasonable competitive bidding methods or the sole source authority of this program for subcontracts or agreements, and executing those agreements. The contractor shall follow the guidelines adopted by the Energy Commission under paragraph (2) of subdivision (b).

(e) The Energy Commission shall contract with one or more parties for evaluation of the effectiveness of the programs implemented under subdivision (b) of Section 3 of the act adding this section. The evaluation contract may be awarded on a sole source basis.

(f) All contracts executed pursuant to this section are exempt from the following statutes, and any and all law, regulations, policies, standard terms and conditions, and certifications related to these statutes are hereby expressly waived:

(1) Services contracts are exempt from Article 4 (commencing with Section 10335) of Chapter 2 of Part 2 of Division 2 of the Public Contract Code.

(2) Consulting services contracts are exempt from Article 5 (commencing with Section 10359) of Chapter 2 of Part 2 of Division 2 of the Public Contract Code.

(3) Architectural and engineering contracts are exempt from Chapter 10 (commencing with Section 4525) of Division 5 of Title 1 of the Government Code, and from Sections 6106 and 6106.5 of the Public Contract Code.

(4) All contracts are exempt from Section 10295 of the Public Contract Code, relating to approval from the Department of General Services.

(5) All contracts are exempt from Chapter 6 (commencing with Section 14825) of Part 5.5 of Division 3 of Title 2 of the Government Code, relating to advertising.

(g) The exemptions authorized under subdivision (f) shall extend to the contracts of contractors providing services to the Energy Commission, if the contract is a subcontract or agreement that uses program funds.

(h) The Energy Commission may delegate, to either the Executive Director of the Energy Commission or a committee of the Energy Commission, approval of grants or contracts of not more than an amount that shall be established by the Energy Commission. Grants or contracts above the established amount shall be approved by the Energy Commission.

SEC. 5. Sections 3 and 4 of the act adding this section shall remain in effect only until January 1, 2005, and as of that date is repealed unless a later enacted statute, that is enacted before January 1, 2005, deletes or extends that date. ~~Any funds appropriated pursuant to this section which are~~ *Any funds appropriated under Section 3 of the act adding this section are* unencumbered or unexpended by January 1, 2005, shall revert to the General Fund on that date.

~~SEC. 3.~~

SEC. 6. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

Due to the shortage of electric generation capacity to meet the needs of the people of this state and in order to limit further impacts of this shortage on the public health, safety, and welfare, it is necessary that this act take effect immediately.

O